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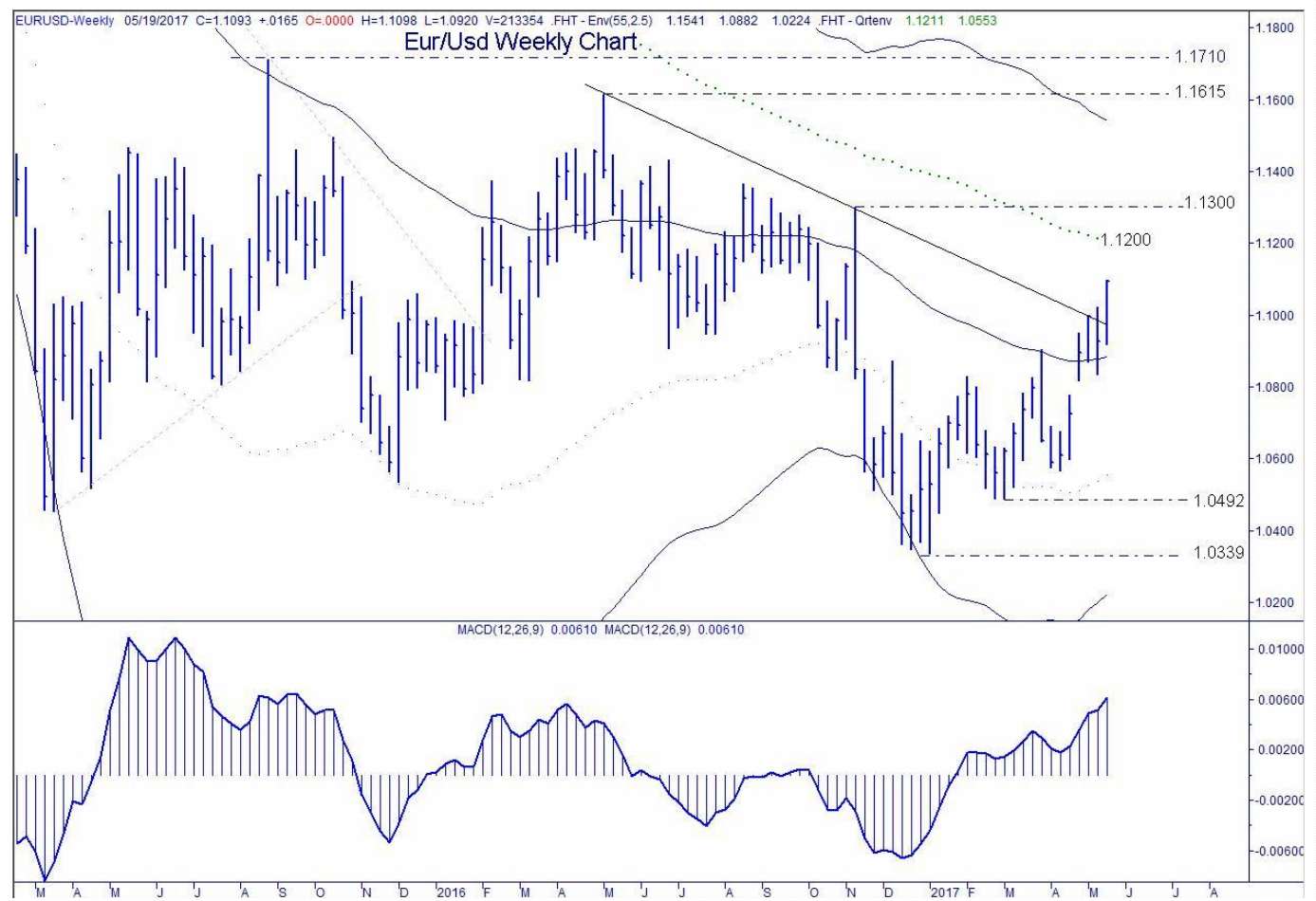
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Wednesday, 17 May 2017

FX Insights

Chart Of The Day EUR/USD: 1.1085

Bullish, strong rally has scope to extend to 1.1200.



We indicated [yesterday](#) that “a NY closing above 1.1020/25 would shift the outlook for EUR to bullish again with an immediate target of 1.1100”. The frenetic pace of the rally came as a surprise as the current level of 1.1085 is not far from 1.1100 (high has been 1.1097 at the time of writing). While the rally appears to be running ahead of itself, strong and impulsive momentum suggests that there is scope for extension to 1.1200. In view of the outsized decline in EUR after the US election in November last year (see weekly chart above), resistances are few and far apart and a break above 1.1200 would shift the focus to the 1.1300, the high seen on the day of election. In order to maintain the current impulsive momentum, any short-term pull-back is expected to be shallow and brief. From here, a move below 1.1000 is enough to indicate that an interim top is in place.

OVERVIEW

The US dollar ended weaker again on Tuesday (16 May) with the ICE Dollar index (DXY) closing at 98.105, the lowest close since 8 Nov 2016. US equity markets ended mixed with the Dow and S&P 500 marginally weaker while the Nasdaq continued to close at another fresh record. The US bond market saw some price gains and the 10Y UST is back testing yield support at 2.28%/2.30%. US and global crude oil prices eased slightly lower on Tuesday, while Gold price continued to a winner in the current environment extending its price gains for the 4th trading session in a row. Overall, risk sentiments remain cautious given the unrelenting US political uncertainty which casts a pall over expectations of fiscal stimulus measures.

17-May-17		Summary of Views					
FX Pairs	Spot	Outlook	Since/Rate	Target	Trailing-Stop	Support	Resistance
USD/SGD	1.3945	Neutral	15 May 17 1.4040	-	-	S1: 1.3910 S2: 1.3845	R1: 1.3990 R2: 1.4020
EUR/SGD	1.5470	*Bullish	17 May 17 1.5470	1.5550	1.5400	S1: 1.5430 S2: 1.5400	R1: 1.5500 R2: 1.5550
GBP/SGD	1.8020	Neutral	12 May 17 1.8145	-	-	S1: 1.7960 S2: 1.7930	R1: 1.8070 R2: 1.8110
AUD/SGD	1.0355	Neutral	02 May 17 1.0515	-	-	S1: 1.0325 S2: 1.0300	R1: 1.0385 R2: 1.0435
JPY/SGD	1.2390	Neutral	05 May 17 1.2445	-	-	S1: 1.2350 S2: 1.2320	R1: 1.2430 R2: 1.2470
USD/MYR	4.3170	Bearish	26 Apr 17 4.3660	4.2750 4.3420	4.3470 4.3560	S1: 4.3100 S2: 4.2750	R1: 4.3360 R2: 4.3470
USD/THB	34.47	Bearish	16 May 17 34.49	34.30	34.66	S1: 34.42 S2: 34.30	R1: 34.60 R2: 34.66
USD/CNH	6.8740	*Bearish	17 May 17 6.8740	6.8600	6.8900	S1: 6.8680 S2: 6.8600	R1: 6.8850 R2: 6.8900
CNH/SGD	0.2030	Neutral	16 May 17 0.2029	-	-	S1: 0.2025 S2: 0.2020	R1: 0.2033 R2: 0.2036
EUR/USD	1.1085	*Bullish	17 May 17 1.1085	1.1200	1.1000	S1: 1.1045 S2: 1.1000	R1: 1.1145 R2: 1.1200
GBP/USD	1.2920	Neutral	04 May 17 1.2875	-	-	S1: 1.2890 S2: 1.2830	R1: 1.2960 R2: 1.3000
AUD/USD	0.7420	Neutral	15 May 17 0.7390	-	-	S1: 0.7400 S2: 0.7370	R1: 0.7445 R2: 0.7485
NZD/USD	0.6890	Neutral	16 May 17 0.6890	-	-	S1: 0.6870 S2: 0.6850	R1: 0.6915 R2: 0.6950
USD/JPY	112.65	Neutral	15 May 17 113.25	-	-	S1: 112.50 S2: 112.00	R1: 113.10 R2: 113.40

* Shift in outlook.

FX Pairs	Ranges for 16-May-17				Performance*			
	Open	High	Low	Close	1-day	1-week	1-month	YTD**
USD/SGD	1.3973	1.3988	1.3941	1.3948	-0.23%	-1.13%	-0.20%	-3.87%
EUR/SGD	1.5338	1.5483	1.5326	1.5458	+0.80%	+0.76%	+3.92%	+1.94%
GBP/SGD	1.8021	1.8097	1.7979	1.8017	-0.00%	-1.26%	+2.60%	+1.10%
AUD/SGD	1.0363	1.0388	1.0331	1.0359	+0.00%	-0.03%	-2.31%	-0.58%
JPY/SGD	1.2286	1.2348	1.2272	1.2330	+0.40%	-0.38%	-3.92%	+0.24%
USD/MYR	4.3240	4.3240	4.3100	4.3200	-0.11%	-0.57%	-1.88%	-3.66%
USD/THB	34.53	34.56	34.42	34.46	-0.23%	-0.89%	+0.52%	-3.79%
USD/CNH	6.8905	6.8909	6.8736	6.8743	-0.25%	-0.61%	-0.07%	-1.43%
EUR/USD	1.0975	1.1097	1.0971	1.1082	+0.99%	+1.93%	+4.15%	+6.05%
GBP/USD	1.2898	1.2958	1.2865	1.2919	+0.16%	-0.12%	+2.81%	+5.15%
AUD/USD	0.7413	0.7437	0.7395	0.7427	+0.16%	+1.14%	-2.13%	+3.36%
NZD/USD	0.6879	0.6906	0.6862	0.6885	+0.05%	-0.21%	-1.79%	-0.57%
USD/JPY	113.77	113.79	112.90	113.11	-0.58%	-0.76%	+3.87%	-4.11%

* Percentage difference between the closing price and the last price 1-period ago.
 ** Percentage difference between the closing price and the last price on 31-Dec-16.

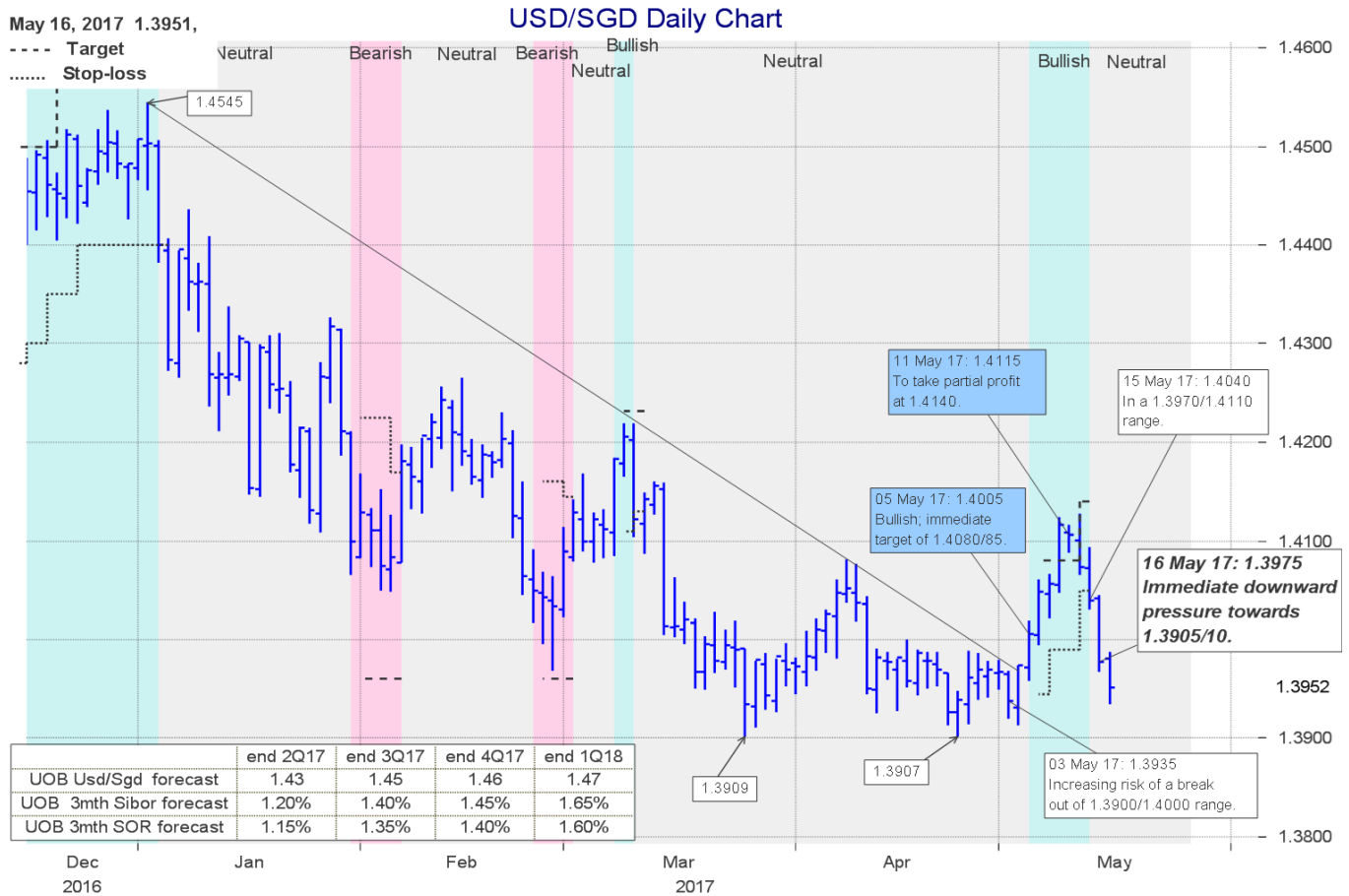
USD/SGD: 1.3945

24-HOUR VIEW:

In line with expectation, USD extended its decline to hit an overnight low of 1.3941 (just below the 1.3945 support indicated yesterday). Despite being oversold, there is still no sign of stabilization just yet and USD is expected to edge lower towards the month-to-date low near 1.3920. The next level at 1.3905/10 (lows in March and April) is a major support and could be just out of reach for now. Resistance is at 1.3970 but only a move above 1.3990 would indicate that the immediate downward pressure has eased.

1-3 WEEKS VIEW:

Neutral: Immediate downward pressure towards 1.3905/10.
 We continue to hold the view that USD is under immediate downward pressure that should lead to a move lower towards the major support at 1.3905/10 (lows seen in March and April). This is a very strong support level and at this stage, it is unclear whether USD has enough momentum to break below this level. That said, the downward pressure would continue to increase in the coming days unless USD can move and stay above 1.4020 (1.3990 is already a strong resistance). Looking further ahead, a clear break below 1.3905/10 would indicate that a move towards 1.3840/45 has started.



EUR/SGD: 1.5470

24-HOUR VIEW:

The unexpected strong rally in EUR appears to be running ahead of itself. That said, after the outsized rally yesterday, it is too early to expect a significant pull-back. This pair is more likely to consolidate its gains and trade sideways to slightly higher. Expected range for today, 1.5430/1.5500.

1-3 WEEKS VIEW:

Shift from neutral to bullish: Over-extended but room for extension to 1.5550.

While the strong surge in EUR yesterday has shifted the week long neutral outlook to bullish again, the rally appears to be running ahead of itself. That said, with no signs of weakness just yet, extension towards 1.5550 would not be surprising. In order to maintain the current overbought momentum, any pull-back should not move back below 1.5400 (minor support at 1.5430).

GBP/SGD: 1.8020

24-HOUR VIEW:

The 1.7960 target indicated yesterday was not met as GBP traded mostly sideways after touching a low of 1.7979. The undertone still appears to be weak and from here, as long as 1.8070 is not taken out, we continue to expect this pair to grind lower towards 1.7960.

1-3 WEEKS VIEW:

Neutral: Immediate downward pressure towards 1.7930.

There is not much to add as GBP touched a low of 1.7979 yesterday before rebounding weakly. The immediate pressure is still on the downside and we continue to anticipate a move lower towards the 1.7930 low seen earlier this month. Based on the current momentum, a sustained move below this level seems unlikely. That said, unless GBP can reclaim 1.8110, the downward pressure would continue to grow.

AUD/SGD: 1.0355

24-HOUR VIEW:

AUD traded sideways as expected albeit at a slightly lower range than anticipated. Downward momentum is picking up but any weakness is unlikely to move below the major support at 1.0320/25. Resistance is at 1.0385 ahead of the stronger level near 1.0415.

1-3 WEEKS VIEW:

Neutral: In a 1.0325/1.0435 range.

AUD continues to trade sideways in a muted manner. The 1.0325/1.0435 range has been intact for more than a week and despite the oversold conditions, AUD has not been able to make much headway on the upside. We previously view the price action as a 'basing process' but from here, the risk of a break below 1.0320/25 appears to be quite high as well. Overall, we continue to hold a neutral stance and expect this pair to trade between 1.0325/1.0435 and only a clear break out of this range would indicate the start of a more directional move.

JPY/SGD: 1.2390

24-HOUR VIEW:

The strong surge higher in JPY yesterday was unexpected especially after the sharp decline earlier in the week. The immediate pressure has shifted quickly to the upside and while the current rally appears to be running ahead of itself, there is scope for extension to 1.2430. Support is at 1.2350 followed by 1.2320.

1-3 WEEKS VIEW:

Neutral: Rebound has scope to extend to 1.2470.

The call to 'wait' for a NY closing below 1.2270 before turning bearish was appropriate as JPY surged after touching a low of 1.2272 yesterday. A short-term low is likely in place at 1.2272 and the current rebound appears to have scope to extend higher to 1.2470. At this stage, a sustained move above this level is not expected. Overall, this pair is expected to stay underpinned in the coming days as long as 1.2320 is intact.

USD/MYR: 4.3170

Latest Flash Note: 15 May 17

BNM Keeps OPR On Hold With Neutral Bias <https://goo.gl/bpLefz>

1-3 WEEKS VIEW:

Bearish: Below 4.3100 shift focus to 4.2750.

[No change in view, see update from yesterday below]

The bearish phase in USD that started about 3 weeks ago (see [Chart of the Day](#) update on 26 Apr, spot at 4.3630) is stirring to life again. While the month-to-date low near 4.3100 is expected to offer solid support, a break of this level could lead to a rapid drop towards the next major support at 4.2750. Overall, we will maintain our bearish view until the stop-loss at 4.3470 is taken out (adjusted lower from 4.3560).

USD/THB: 34.47

Latest Flash Note: 16 May 17

Thailand's Eastern Economic Corridor: The Next Major Economic Zone Of ASEAN <https://goo.gl/QDPJq4>

1-3 WEEKS VIEW:

Bearish: Anticipating a break of 34.42 for a move to 34.25/30.

We just shifted to a bearish USD stance yesterday (see [Chart of the Day](#) update) and there is no change to the view. We continue to anticipate USD to break below 34.42 for a move to 34.25/30. Stop-loss remains unchanged at 34.66 even though on a shorter-term note, 34.60 is already a strong resistance.

USD/CNH: 6.8740

Latest Flash Note: 16 May 17

Maintaining Neutral and Prudent Monetary Policy <https://goo.gl/Olsxsk>

1-3 WEEKS VIEW:

Shift from neutral to bearish: Over-extended but room for extension to 6.8600.

While we indicated yesterday that a daily closing below 6.8800 would shift the outlook for USD to bearish, the rapid pace and the extent of the overnight USD decline came as a surprise. The immediate target is for a move to 6.8600 with last month's low at 6.8685 acting as an 'intervening' support. On the upside, a move above 6.8900 would indicate that our bearish view is wrong.

CNH/SGD: 0.2030

1-3 WEEKS VIEW:

Neutral: Pull-back has room to extend lower to 0.2020.

We just shifted to a neutral stance yesterday and there is no change to the view. The current pull-back appears to have scope to extend lower towards the major 0.2020 support. Overall, this pair is expected to stay under pressure in the coming days unless it can move and stay above 0.2036.

EUR/USD: 1.1085

24-HOUR VIEW:

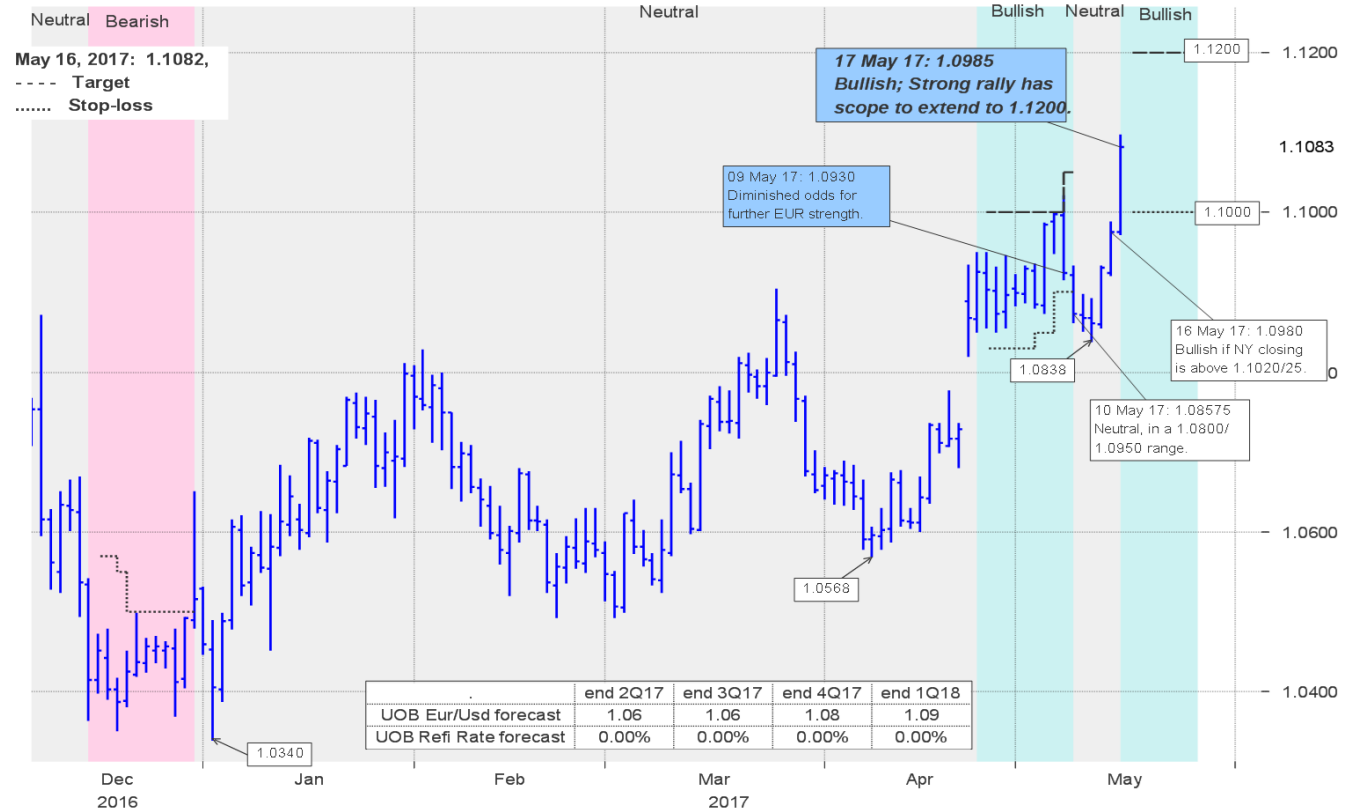
The anticipated EUR strength exceeded our expectation by a wide margin by easily taking out successive strong resistances to hit an overnight high of 1.1097. While clearly overbought, the strong and impulsive upward momentum suggests further up-move even though likely at a slower pace. From here, as long as 1.1045 can hold, the current EUR strength could extend further towards 1.1140/45. The next resistance is at 1.1200 is likely out of reach for now.

1-3 WEEKS VIEW:

Shift from neutral to bullish: Strong rally has scope to extend to 1.1200.

[See Chart of the Day on page 1]

EUR/USD Daily Chart



Source: Thomson Reuters Datastream/UOB Global Economics & Market Research

GBP/USD: 1.2920

24-HOUR VIEW:

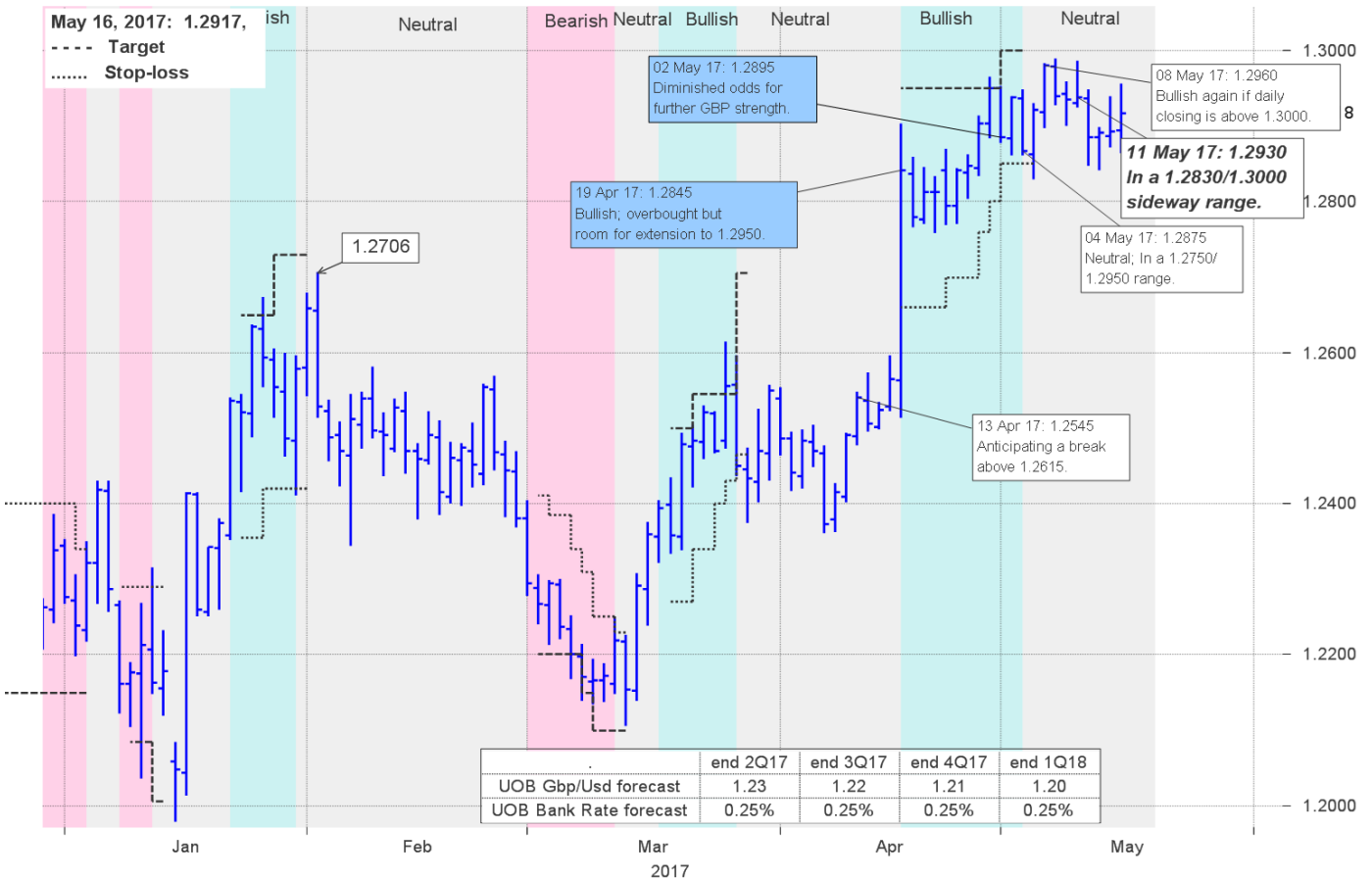
GBP traded in range of 1.2865/1.2958 yesterday, relatively close to our expected 1.2875/1.2950 consolidation range. Indicators are still mostly 'neutral' which suggest further range trading albeit with a mild upside bias. Expected range for today, 1.2890/1.2960.

1-3 WEEKS VIEW:

Neutral: In a 1.2830/1.3000 range.

The neutral phase that started about 2 weeks ago is still intact as GBP continues to trade sideways. At this stage, there is no early indication that GBP is ready to move out of the expected 1.2830/1.3000 consolidation range. Looking further ahead, there is a slight bias for a possible upside 'break' but on the minimum, this pair has to close above 1.2960 to warrant a more positive outlook.

GBP/USD Daily Chart



Source: Thomson Reuters Datastream/UOB Global Economics & Market Research

AUD/USD: 0.7420

24-HOUR VIEW:

AUD touched a high of 0.7437 yesterday, short of retesting the 0.7445/50 as expected. The undertone is still generally positive and from here, as long as the strong support at 0.7385 is intact, we continue to expect another push higher towards 0.7445/50. An intraday move above this level would not be surprising but based on the current lackluster momentum, a sustained move above this level seems unlikely (next resistance at 0.7480/85).

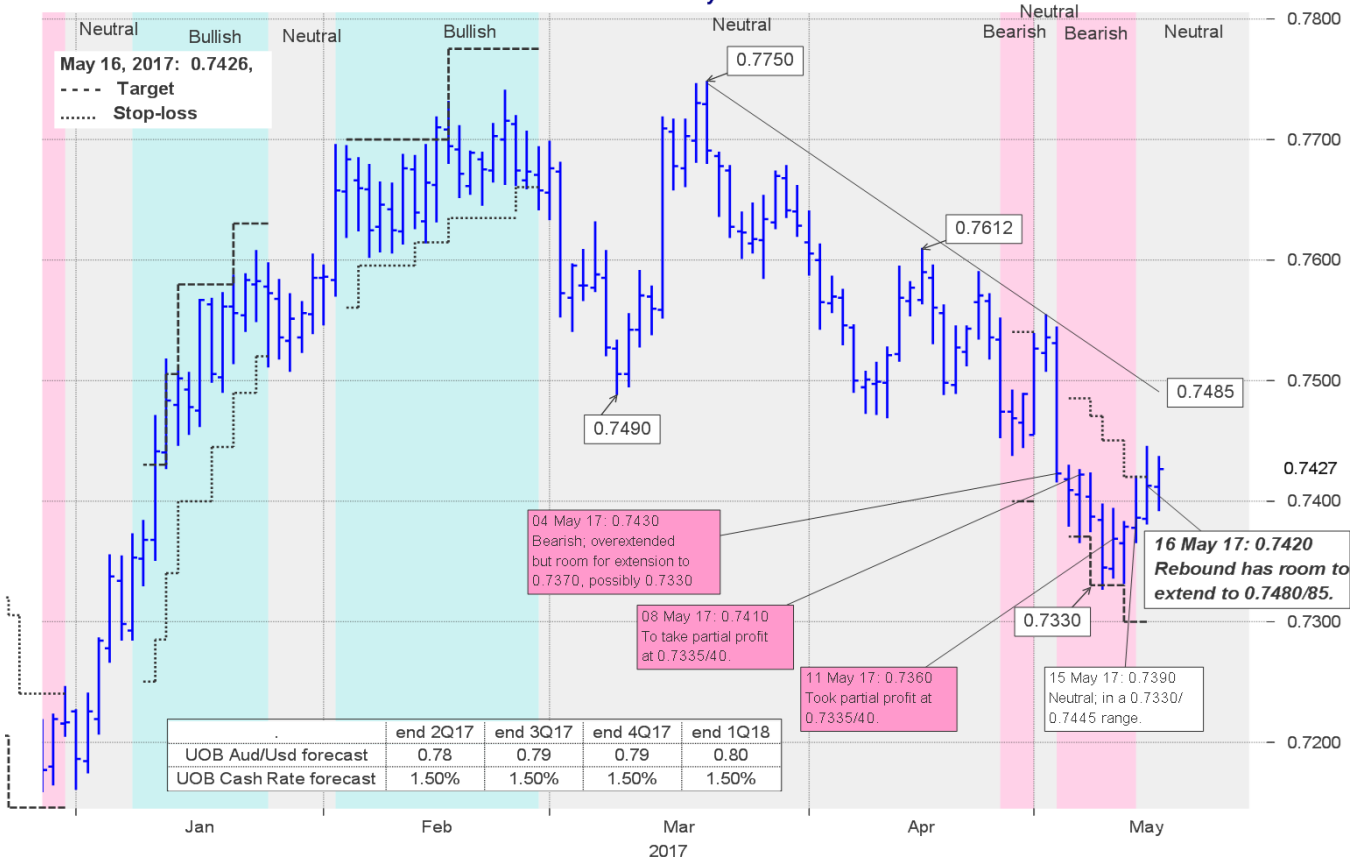
1-3 WEEKS VIEW:

Neutral: Rebound has room to extend to 0.7480/85.

[No change in view, see update from yesterday below]

We shifted from a bearish to neutral stance on AUD yesterday and there is no change to the view. The overnight high of 0.7446 was just above the expected 0.7330/0.7445 consolidation range. That said, upward momentum has improved considerably with the positive daily closing and from here, the current rebound has room to extend higher towards the key 0.7480/85 resistance (declining trend-line, see chart below). A clear break above this level would indicate that AUD has moved into a bullish phase. The odds for a shift to a bullish phase are not high now but would continue to improve as long as AUD can hold above 0.7370 in the next several days.

AUD/USD Daily Chart



Source: Thomson Reuters Datastream/UOB Global Economics & Market Research

NZD/USD: 0.6890

Latest Flash Note: 11 May 17

RBNZ Keeps A Steady Hand <https://goo.gl/BReCQd>

24-HOUR VIEW:

NZD eased off quickly without retesting the 0.6915/20 resistance. While upward momentum is not strong, as long as 0.6860 is not taken out, a move above 0.6915/20 would not be surprising. That said, the next resistance at 0.6950 is unlikely to come into the picture for now.

1-3 WEEKS VIEW:

Neutral: In a 0.6850/0.6950 range.

We just turned neutral on NZD yesterday and there is no change to the view. The price action appears to be the very early stages of a basing phase but it is still early days. In the meanwhile, this pair is expected to trade sideways, likely within 0.6850 and 0.6950.

Nzd/Usd Daily Chart



Source: Thomson Reuters Datastream/UOB Global Economics & Market Research

USD/JPY: 112.65

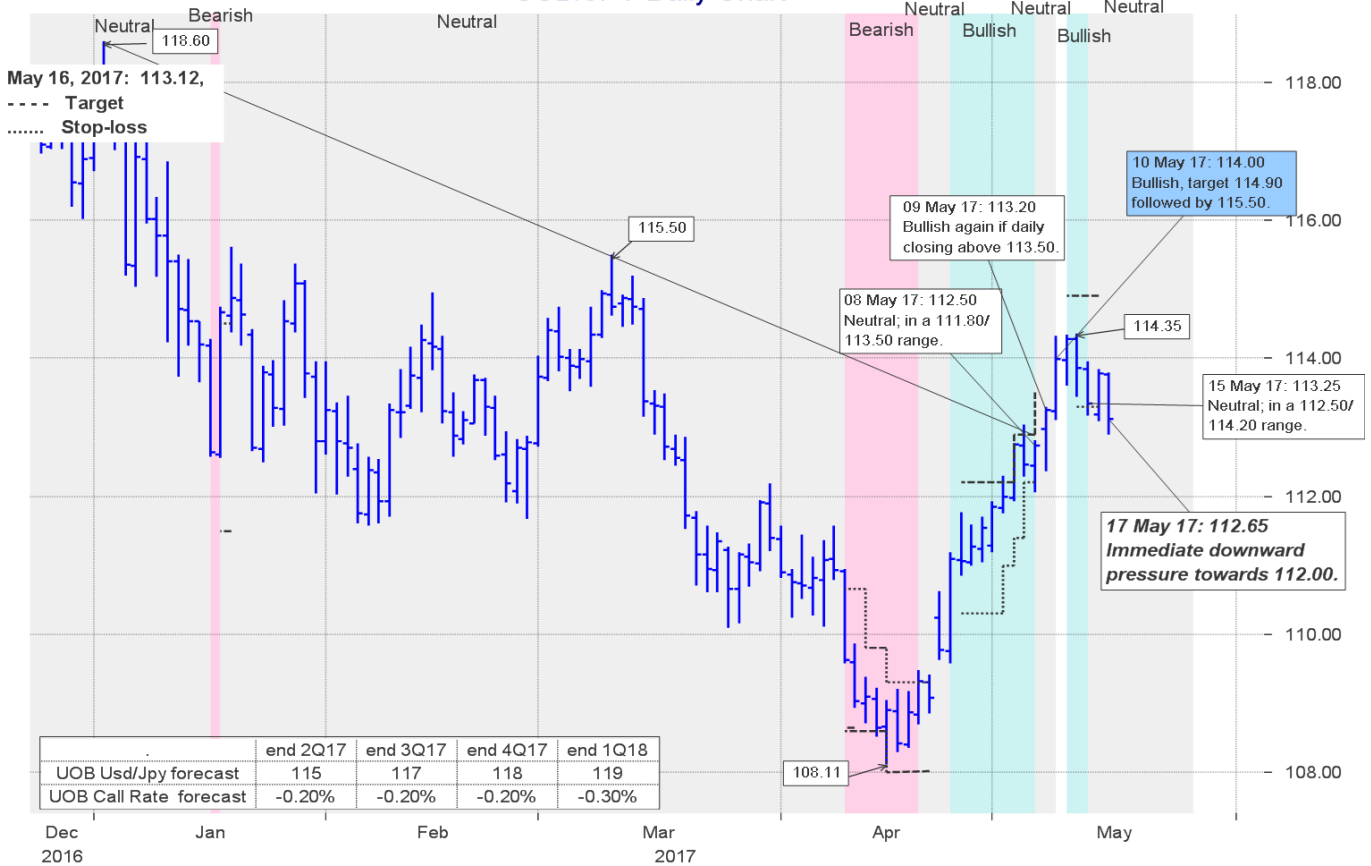
24-HOUR VIEW:

The sharp drop from a high of 113.79 yesterday was unexpected. The decline is accompanied by strong momentum and the risk is still clearly on the downside towards the next major support near 112.05/10. On the upside, 113.10 is expected to be strong enough to cap any intraday rebound.

1-3 WEEKS VIEW:

Neutral: Immediate downward pressure towards 112.00.
While USD is still holding within the expected 112.50/114.20 consolidation range, the rapid pace of the decline over the past 24 hours was unexpected. At this stage, we view the current weakness as a 'deep pull-back' and not the start of a bearish reversal. That said, the pull-back has scope to extend lower towards 112.00. Only a clear break below this level would indicate that the start of a bearish phase. For now, the odds for such a move are not high but unless USD can reclaim 113.40 within these 1 to 2 days, the immediate downward pressure would increase quickly.

USD/JPY Daily Chart



UOB FX & Interest Rate Outlook

FX Outlook	2Q17	3Q17	4Q17	1Q18	Rates Outlook	2Q17	3Q17	4Q17	1Q18
EUR/USD	1.06	1.06	1.08	1.09	EU	0.00%	0.00%	0.00%	0.00%
GBP/USD	1.23	1.22	1.21	1.20	UK	0.25%	0.25%	0.25%	0.25%
AUD/USD	0.78	0.79	0.79	0.80	AU	1.50%	1.50%	1.50%	1.50%
NZD/USD	0.70	0.71	0.71	0.72	NZ	1.75%	1.75%	1.75%	1.75%
USD/JPY	115	117	118	119	JP	-0.20%	-0.20%	-0.20%	-0.30%
USD/SGD	1.43	1.45	1.46	1.47	SG	1.20%	1.40%	1.45%	1.65%
USD/MYR*	4.35 4.46	4.32 4.48	4.30 4.50	4.28 4.52	MY	3.00%	3.00%	3.00%	3.00%
USD/THB	35.8	36.2	36.5	36.8	TH	1.50%	1.50%	1.50%	1.75%
USD/CNY	7.02	7.09	7.16	7.20	CN	4.35%	4.35%	4.35%	4.35%
USD/IDR	13600	13700	13800	13900	ID	4.75%	4.75%	4.75%	5.00%
USD/PHP	50.2	50.6	50.9	50.9	PH	3.25%	3.50%	3.50%	3.50%
USD/INR	67.9	68.8	69.8	69.8	IN	5.75%	5.50%	5.50%	5.50%
USD/TWD	31.0	31.1	31.4	31.6	TW	1.38%	1.38%	1.38%	1.38%
USD/HKD	7.80	7.80	7.80	7.80	HK	1.50%	1.75%	1.75%	2.00%
USD/KRW	1140	1150	1160	1170	KR	1.25%	1.25%	1.25%	1.25%
					US	1.25%	1.50%	1.50%	1.75%

Updated on [27 Mar 17](#)

*Updated on [27 Apr 17](#)

Central Bank Meetings 2017

Central Bank	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Federal Reserve (FOMC)	-	01	15*	-	03	14*	26	-	20*	-	01	14*
European Central Bank (ECB)	19	-	09	27	-	08	20	-	07	26	-	14
Bank of England (BOE)	-	02 [#]	16	-	11 [#]	15	-	03 [#]	14	-	02 [#]	14
Reserve Bank of Australia (RBA)	-	07	07	04	02	06	04	01	05	03	07	05
Reserve Bank of New Zealand (RBNZ)	-	09 [^]	23	-	11 [^]	22	-	10 [^]	28	-	09 [^]	-
Bank of Japan (BOJ)	31 ^{**}	-	16	27 ^{**}	-	16	20 ^{**}	-	21	31 ^{**}	-	20 ^{**}
Bank Negara Malaysia (BNM)	19	-	02	-	12	-	13	-	07	-	09	-
Bank of Thailand (BOT)	-	08	29	-	24	-	05	16	27	-	08	21
Monetary Authority of Singapore (MAS)	-	-	-	13	-	-	-	-	-	tba	-	-

*Meetings associated with a Summary of Economic Projections and a press conference.

[#]Meetings associated with release of Inflation Report.

[^]Meetings associated with release of Monetary Policy Statement.

^{**}Meetings associated with release of Outlook Report.



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